

Privacy Act Statement. Every registration statement, short form registration statement, supplemental statement, exhibit, amendment, dissemination report, copy of political propaganda or other document or information filed with the Attorney General under this act is a public record open to public examination, inspection and copying during the posted business hours of the Registration Unit in Washington, D.C. One copy is automatically provided to the Secretary of State pursuant to Section 6(b) of the Act, and copies of such documents are routinely made available to other agencies, departments and Congress pursuant to Section 6(c) of the Act. Finally, the Attorney General transmits an annual report to the Congress on the Administration of the Act which lists the names of all agents and the nature, sources and content of the political propaganda disseminated or distributed by them. This report is available to the public.

Public Reporting Burden. Public reporting burden for this collection of information is estimated to average .49 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Registration Unit, Criminal Division, U.S. Department of Justice, Washington, D.C. 20530; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

*Furnish this exhibit for EACH foreign principal listed in an initial statement
and for EACH additional foreign principal acquired subsequently.*

1. Name and address of registrant M. Silver Associates Inc 1120 Avenue of the Americas NYC NY 10036	2. Registration No. 3131
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3. Name of foreign principal Malev Hungarian Airlines	4. Principal address of foreign principal 640 Fifth Avenue New York NY 10111
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5. Indicate whether your foreign principal is one of the following type:

☒ Foreign government

☐ Foreign political party

☐ Foreign or ☐ domestic organization: If either, check one of the following:

☐ Partnership

☐ Committee

☐ Corporation

☐ Voluntary group

☐ Association

☐ Other (specify) _____

☐ Individual—State his nationality _____

6. If the foreign principal is a foreign government, state:

a) Branch or agency represented by the registrant.

b) Name and title of official with whom registrant deals.
National airline

George Borsos
General Manager U.S.A.

7. If the foreign principal is a foreign political party, state:

a) Principal address

b) Name and title of official with whom registrant deals.

c) Principal aim

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REGISTRATION UNIT

8. If the foreign principal is not a foreign government or a foreign political party,

a) State the nature of the business or activity of this foreign principal

b) Is this foreign principal

Owned by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☐

Directed by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☐

Controlled by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☐

Financed by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☐

Subsidized in whole by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☐

Subsidized in part by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☐

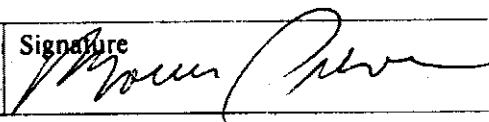
9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

Date of Exhibit A
September 7, 1993

Name and Title
Morris Silver CEO

Signature



INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in triplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

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Name of Registrant	Name of Foreign Principal
M. Silver Associates Inc	Malev Hungarian Airlines

Check Appropriate Boxes:

1. ☒ The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach three copies of the contract to this exhibit.
2. ☐ There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach three copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
3. ☐ The agreement or understanding between the registrant and the foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

4. Describe fully the nature and method of performance of the above indicated agreement or understanding

See Attached

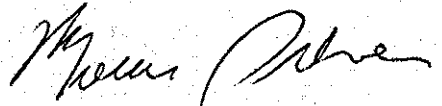
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REGISTRATION UNIT

5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

See Attached

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?¹
Yes ☐ No ☐

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

Date of Exhibit B	Name and Title	Signature
September 7, 1993	Morris Silver CEO	

¹Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.



M. SILVER
ASSOCIATES
INC.

PUBLIC RELATIONS
MARKETING COMMUNICATIONS

CONTRACTUAL AGREEMENT

The following is an Agreement made this 1st day of July, 19 93, by and between M. Silver Associates, Inc., a New York corporation, hereinafter referred to as "Agency," and McCann-Erickson Budapest hereinafter referred to as "Client" for the purpose of providing a Phase II Public Relations program in the United States for MALEV Hungarian Airlines.

Duration. The Agreement shall commence on the 1st day of July, 19 93, and shall continue through December 31, 1993.

Fees. The Client agrees to pay the Agency the sum of \$45,000.00 payable on a basis of \$22,500 dollars per quarter. All quarterly fee payments described herein are to be made in advance on the first day of each period, specifically July 1 and October 1, and become delinquent after thirty (30) days. Payments which become delinquent shall draw interest at the rate of eighteen percent (18%) simple interest per year. All fee payments are to be considered the Agency's minimum fee for services rendered. Should the Client's requirements exceed the minimum fee set forth above, the client agrees to pay for the hours expended in excess of the fee. Such additional hours will be billed at the Agency's prevailing hourly rates (which are available upon request).

Scope of Services. Services to be performed on the behalf of the Client will include:

- ☒ 1. Publicity/Media Relations
- ☐ 2. Community Relations
- ☐ 3. Graphic Communications
- ☒ 4. Special Events
- ☒ 5. Promotions
- ☐ 6. Crisis Communications

- ☒ 7. Counseling and Strategy
- ☐ 8. Public Affairs
- ☐ 9. Advertising
- ☐ 10. Training
- ☐ 11. Other _____

- continued -

Contractual Agreement/3

Indemnity. The Client agrees to indemnify and hold harmless the Agency from and against any and all claims, costs, expenses, liabilities or damages arising from the preparation or presentation of any publicity, printed material, radio or television program or broadcast, or any public relations material or advertising negligence of the Agency. The indemnity described herein shall further specifically extend, but not be limited to, claims, loss of expenses arising from alleged or proven libel, slander, and trademark or copyright infringement. The Client agrees to indemnify and hold the Agency harmless with respect to any cost or claim arising by virtue of the Client cancelling any planned publicity or public relations program, or any part thereof, provided that the Client shall have first approved such program or event. It is specifically understood that the Agency has no control over the actions of members of the news media. It is understood that any such agreement executed for the benefit of the Client by the Agency is done so only as the Client's Agent, and the Agency shall have the right to provide in such agreements that the Client and not the Agency is solely responsible for fees, costs or guarantees in connection therewith.

Guarantee. As with any communications program, results cannot be guaranteed. Our work will be carried out according to the Code of Professional Standards of the Public Relations Society of America. A copy of the Code will be produced on request.

Recruitment. The Client and the Agency agree that the Agency's most valuable asset is its professional staff. The client agrees not to hire or employ any member of the Agency's staff; but, should the Client hire or employ an employee of the Agency within one (1) year of the date of the last employment with the agency, the Client shall pay the agency a recruiting fee equal to twenty-five percent (25%) of the employee's current annual compensation. This provision applies to any employee of the Agency hired by the Client either during the term of this Agreement or within one (1) year following the termination of the Agreement. This provision applies to all parents, subsidiaries, affiliates or related companies of the Client.

Termination. In the event of termination of this agreement, the client shall be required to pay the monthly fee for services through the end of a sixty (60) day period which commenced with the due date of the payment next due following notice of termination.

Contractual Agreement/4

Breach of Contract. In the event the Client shall breach any of the provisions of this Agreement, specifically including but not limited to those requiring the payment of fees or the reimbursement of costs and expenses, then in such event, Client agrees to pay the interest charges described above, and in addition thereto, the Agency's reasonable attorneys' fees, court costs and expenses in connection with the collection of monies due hereunder or the enforcement of the terms hereof, whether or not suit is filed, and in the event of suit, then such reasonable attorneys' fee shall include those of trial, appellate, supplementary or other proceedings.

This agreement has been executed in the State of New York and the parties agree that New York City shall be the venue for any litigation required hereunder and further agree that the terms and conditions of this agreement shall be construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties have executed this agreement this 1st day of July 19 93.

By: Virginia M. Sheridan
Virginia M. Sheridan, M. Silver Associates, Inc.

By: _____
McCann-Erickson Interpress

PUBLIC RELATIONS OVERVIEW

Integral to the promotion of Malev and its route system is the promotion of Hungary as a highly desirable business and vacation travel destination. The goal is to identify and communicate the special qualities of Hungary, its unique blending of past and present cultures, services and facilities, and create an interest to visit. Equally as important, is the need to distinguish Hungary from other Eastern European countries and offset any concerns regarding troubles in that region of the world.

Malev in turn must create a strong reputation and positive image for its service, fleet, pricing and on-board experience in order to build recognition and loyalty - - especially on the east coast.

The following public relations program is designed to do just that.

1. PUBLIC RELATIONS OVERVIEW (cont'd)

Because of the limited financial resources available for the promotion of Malev Hungarian Airlines and Hungary, Public Relations will play a major role in creating an awareness of the new route service and a desire to visit Hungary for business and pleasure.

The key assets of Public Relations for Malev and Hungary include:

- Credibility
- Cost effectiveness
- Extensive market reach
- Diversity of messages

Public Relations also will achieve:

- Support of sales staff
- Direct sales generation
- Extension of advertising

II.

OBJECTIVES

- To build greater awareness with the consumer and travel agent community, particularly in the United States east coast markets, of Malev Airlines' singular position as the national carrier for Hungary, one of the most culturally interesting Eastern European countries.
- To introduce the New York (Newark) to Budapest service to the widest possible audience among business and leisure travelers and the travel industry as well as with the ethnic market.
- To build demand for the New York - Budapest service - - not only in the metropolitan New York area but in other feeder markets.
- To establish Budapest as a preferred gateway to European points of travel.
- To continue to maintain a high level of awareness for Hungary and the airline and its services after the initial launch, especially in the critical first 12 months of service operation.

III.

TARGET AUDIENCES

- Travel industry professionals specializing in international business travel, particularly to Eastern Europe.
- The East Coast-based international business traveler.
- The Hungarian ethnic minority visiting Hungary for personal or business purposes.
- Leisure travelers seeking the finest possible international air-service to Eastern Europe and beyond.

IV.

KEY MESSAGES

- Newest fleet and service to Eastern Europe and beyond - brand new Boeing 767-200s aircraft with the latest on-board equipment.
- Competitively priced.
- Excellent in-flight services and amenities (Sky Club Class, full course meals featuring Hungarian cuisine, Hungarian/Italian Wines, in-flight entertainment, etc.).
- Appeal of Hungary as a quality travel destination - "Europe's Hidden Treasure."
- Budapest as a progressive city - Model for developing former Eastern Bloc Countries.
- Gateway to other European capital cities.
- Excellent safety record.
- Commitment to Travel Agents.

V.

STRATEGY

Since Malev and Hungary have four clearly defined audiences (the travel community, the business traveler, the ethnic traveler and the leisure traveler), the awareness plan provides for "customized" - - yet related - - public relations campaigns directed at each target audience. These individual programs would utilize:

- An aggressive multi-media relations effort which will effectively communicate Malev Hungarian Airlines' key messages to the consumer and trade, as well as promote Hungary.
- Special events designed to create greater awareness of Malev Hungarian Airlines' entry into the New York market and travel benefits to Hungary.

IMPLEMENTATION

- Creation and dissemination of a comprehensive media kit on Malev Hungarian Airlines and Hungary
- Travel Trade Campaign aimed at the travel agent community, corporate travel planners, and meetings/convention/incentive industry
- Consumer Campaign directed to business, general and special interest travelers
- Special Events/Activities:
 - Travel Agent/Media Receptions
 - Airport Launch
 - Sister City Program
 - Press Trips
 - Promotions
 - Trade Show Support

VII.

PRESS KIT - CREATION

Since there is very little information currently available on Malev Hungarian Airlines and Hungary pertinent to the media, the first plan of action is to create a comprehensive press kit on the airline, Hungary and the leisure and business travel issues applicable to both markets.

Press kit elements will include:

- Launch announcement release describing all aspects of service
- Airline backgrounder and fact sheet - including destinations the airline serves
- Features on Hungary as a vacation destination with emphasis on sightseeing, hotels, dining, shopping, art and culture, etc.
- Fact sheet on Hungary (language, climate, documentation, currency, government, etc.)
- 1993-94 Hungarian Calendar of Events
- Announcement of Hungary being named "1994 Capital of Europe"
- Special information pertinent to the business traveler
- Air - Destination Packages
- Biographical information and photography of Malev and Hungarian Tourist Board senior officials
- Airline and destination photography

VIII. PRESS KIT - DISSEMINATION

Immediate dissemination of the press kit would commence just prior to launch of the new New York - Budapest service. Target media categories include:

- Consumer Travel Magazines
- General-interest/Lifestyle Magazines
- Regional/Metro Magazines in primary marketing corridor
- Special-interest Publications -- food, art, culture, seniors, bridal/honeymoon, etc.
- Business/Financial
- Travel Agent Trades
- Aviation and Aerospace Trades
- Meetings, Conventions, Incentive publications
- Travel Editors at top Daily Newspapers
- Ethnic Media

IX. TRAVEL TRADE MEDIA RELATIONS ACTIVITIES

Unquestionably, the travel agent community is an essential key to the continued success of Malev Hungarian Airlines and Hungary, and a vital link in the introduction of new service, routes and destination travel.

In the competitive battle to claim the travel agent's attention, M. Silver will keep Hungary and Malev Hungarian Airlines and its New York service to Budapest and points beyond "top of mind" in the following ways:

- Create a high degree of editorial coverage in publications read by travel agency personnel through the dissemination of comprehensive information on Hungary and Malev Hungarian Airlines.
- Arrange individual interviews for senior airline and Hungarian Tourist Board executives with prominent travel agent trade press. Target Media: TRAVEL AGENT MAGAZINE, TRAVEL WEEKLY, TOUR & TRAVEL NEWS, OAG Publications (especially TRAVELAGE EAST, etc.). These interviews covering such areas as destination marketing plans, airline operations and marketing plans, and other destinations served by the airline, will stimulate features that will position Hungary and its national carrier as major players in Eastern European travel.
- Publicity support of Travel Agent incentive marketing programs.
- Placement of travel agent pre-launch event photography.

CONSUMER MEDIA PUBLICITY - BUSINESS TRAVEL

Business travel - - corporate, meetings/conventions, incentives - - will constitute a major share of passenger revenue to Hungary and Malev. It is therefore vital that this important segment be made aware of the excellent service, route system and competitive pricing Malev offers to Eastern Europe and beyond.

We recommend that a strategy similar to the travel industry effort be employed with important business travel media.

These efforts will include:

- Comprehensive dissemination of information to targeted media outlets - - newspapers, magazines, radio and television.
- Seek interview opportunities for senior airline and Tourist Board executives with business and business travel publications. Target Media: NEW YORK TIMES, WALL STREET JOURNAL, USA TODAY, BUSINESSWEEK, MONEY, FREQUENT FLYER, BUSINESS TRAVEL NEWS, BUSINESS TRAVEL MANAGEMENT, CORPORATE TRAVEL, BUSINESS TRAVELER INTERNATIONAL, CRAIN'S NEW YORK BUSINESS, FORBES FYI, BUSINESS JOURNAL OF NEW JERSEY, SUCCESSFUL MEETINGS, MEETINGS & CONVENTIONS, CORPORATE & INCENTIVE TRAVEL, etc.
- Pitch placements of launch on appropriate electronic business media outlets, i.e., Bloomberg Radio, CNBC, Business Travel Radio Network, etc.

XI. CONSUMER MEDIA PUBLICITY - ETHNIC TRAVEL

The ethnic market represents an important travel segment to Hungary and Malev Hungarian Airlines. The carrier's new service will represent the first opportunity for first-generation Hungarians to visit their homeland on their national carrier. The highly concentrated ethnic market in the metropolitan New York/New Jersey areas will be targeted for communication via Hungarian-American print and electronic media. Activities will include:

- The dissemination of press release announcing the launch of Malev's new service to Hungarian-American press (i.e., AMERIKAI MAGYAR NEPSZAVA, AMERIKAI MAGYAR SZO, MENORA EGYENLOSEG, AMERIKAI/KANADAI MAGYARSAG, AMERIKAI-KANADAI MAGYAR ELET, etc.) and electronic media (i.e., WVOF (CT), KTYM (CA), WVOF (CT), WMMM (CT), WNDU (IN), WCTC (NJ), WRSU (NJ), WAPS (OH); WKTL (OH); WEDO (PA), WYEP (PA), etc.).
- Arranging in-person and telephone interviews with top radio and television stations featuring Hungarian programming (i.e., Hungarian American Television, Nationality Broadcasting Network, etc.).
- Researching and creating a database of cultural, fraternal and religious organizations within the Hungarian-American communities that have member newsletters for contact with editorial information.

XII. CONSUMER MEDIA PUBLICITY - LEISURE TRAVEL

In addition to the role the business traveler commands in the success of Malev Hungarian Airlines and Hungary, we are mindful of the important contributions that the leisure traveler will play in the continued growth of the carrier and the destination.

A major push would therefore be directed to the leisure traveler in promoting greater awareness of Hungary - - "Europe's Hidden Treasure" - - and Malev Hungarian Airlines and its indisputable high standards of quality and route system.

One of M. Silver's top priorities will be to generate launch coverage in all major national and regional consumer print and electronic travel media.

Targeted media includes: NEW YORK TIMES, DAILY NEWS, NEW YORK POST, NEWSDAY, NEWARK STAR LEDGER, TRAVEL & LEISURE, CONDE NAST TRAVELER, VOGUE, TRAVEL HOLIDAY and NATIONAL GEOGRAPHIC TRAVELER, etc.

In addition, M. Silver will target special interest publications to focus on the quality aspect of Malev that relates to customer satisfaction and preference, i.e., FOOD & WINE, GOURMET, BON APPETIT, BRIDE'S, MODERN MATURITY, SENIOR WORLD, etc.

XIII.

TRAVEL AGENT/MEDIA EVENTS

To communicate to the travel agent/tour operator community and the business and leisure travel media about Hungary's appeals as a destination and Malev's new New York - Budapest service, M. Silver will organize two major pre-launch receptions targeted to key influencers in each market segment.

- New York City event keyed to travel agents/planners and media from the metropolitan area as well as Westchester and Long Island. Venue to be a conveniently located, but interesting facility that ties-into the culture of Hungary, such as the Hungarian Consulate.
- New Jersey event to be held in suitable venue in suburban Essex/Bergen County (Newark, the Oranges, Maplewood, Montclair, etc.).
- Events to feature quality Hungarian food, classical music by famous Hungarian composers (Liszt, Bartok, Kodaly, etc.), short presentations by senior members of Malev, the Hungarian Tourist Board and other important officials.
- Create an information packet containing collateral material on Hungary and Malev as well as a small gift to reinforce Hungary's presence in the minds of the attendees. Items could include an imprinted Rubik's cube, art/craft item, desktop item, small piece of Hungarian crystal - - a small object that reflects Hungarian culture.
- Drawings of trip prizes to Hungary, including airfare and accommodations, will contribute to the excitement of the evening and will provide an incentive to attend.

XIII. TRAVEL AGENT/MEDIA EVENTS (cont'd)

- Create a special incentive program for travel agents designed to stimulate sales and demonstrate your commitment to the travel agent industry. We envision a 60-day program whereby for every 12 Malev seats to Hungary sold (the sale could be to a group, individuals, or six trips for two), one trip for two is given free to the agent to be used at the agent's discretion - - for themselves or as a gift to a client. The sales must be made within the 60-day period, but the trips can be used anytime.

XIV.

AIRPORT EVENT - MAY 29

In celebration of the May 29 launch of Malev's New York - Budapest service, it is recommended that a full week of festivities take place at Newark Airport starting May 24. These activities include:

- Festively decorate Malev counter and surrounding area in Hungarian national colors; flowers, balloons, special signage; performance by classical musicians on May 29.
- Staff wearing buttons with appropriate creative theme.
- Passengers on first flight to receive a gift, sightseeing guide or other token of Hungarian culture.
- Have special chocolate mold made of Hungarian coin as giveaway at airport and other events.
- Arrange for Newark and Budapest to be Sister Cities. Bring Mayor of Budapest to Newark for press conference with Mayor of Newark. Exchange keys to cities, gifts, etc. Event to be held at Newark Airport or City Hall.
- Dedicate three to four seats to journalists to take first flight and visit Budapest for three to four day period.

- Sell Malev Airline by selling Hungary. Organize a series of group press trips this summer/fall for travel writers to Budapest and other points in Hungary.
- Organize any events not possible to implement in pre-launch stage, i.e., Sister City designation and press conference, etc.
- Conduct extensive media contact and follow up to insure story placement in important publications.
- Serve as "Malev/Hungarian Tourist Board News Bureau" for pro-active creation and dissemination of information on the airline and Hungary, as well as handle media inquiries and provide assistance for journalists wishing to visit Hungary on an individual or group basis.
- Research and create editorial calendar on upcoming special sections in daily newspapers and magazines of editorial pertinence to Hungary; contact and provide assistance and information.
- Create a series of trip prize giveaways and sweepstake promotions involving radio and television as a way to carry the message of Hungary as an exciting destination and Malev Airlines' superior service and new routes. Promotional outlets include major newspapers and top-five radio stations in the older, affluent 35 - 64 age demographic in New York metropolitan area. Contests will be organized as "station promotions" rather than barter and will result in thousands of dollars of "free advertising."

*Scope of activities dependent on remaining budget

XVI.

TIMELINE

- DEVELOP PRESS KIT APRIL 12 - 23
- RESEARCH AND SECURE VENUE APRIL 12 - 16
- FOR TA/MEDIA EVENTS
- DEVELOP TA/MEDIA INVITATIONS APRIL 19 - 23
- PRESS KIT DISSEMINATION APRIL 26 - 30
- MAIL TA/MEDIA EVENT APRIL 26
- INVITATIONS
- NYC TA/MEDIA EVENT MAY 19/18
- NJ TA/MEDIA EVENT MAY 20
- SECURE INTERVIEWS MAY 17 - 21
- SISTER CITY EVENT WEEK OF MAY 24
- AIRPORT INAUGURAL EVENT MAY 29
- PHASE II POST-LAUNCH MAY 29 - DECEMBER 31

VIII. TACTICAL PROGRAMS

ALTHOUGH ADVERTISING AND PRESS COVERAGE IN THE MEDIA WILL REACH A SIGNIFICANT NUMBER OF TRAVEL AGENTS, LEISURE TRAVELERS AND BUSINESS TRAVELERS, MALEV HUNGARIAN AIRLINES AS WELL AS HUNGARY'S SUCCESS DEPENDS ON THEIR ABILITY TO BECOME "TOP OF MIND" AMONG THESE GROUPS.

MALEV HUNGARIAN AIRLINES AND THE HUNGARIAN BOARD OF TOURISM MUST COMMUNICATE FREQUENTLY AND INNOVATIVELY TO THESE GROUPS TO CAPTURE A MUCH NEEDED SHARE OF THE U.S. MARKET.

TO LEVERAGE THE RESOURCES OF MALEV AND CREATE A "PRESENCE" FOR HUNGARY, WE RECOMMEND THE FOLLOWING TACTICAL PROGRAMS:

VIII. TACTICAL PROGRAMS: TRAVEL AGENTS (CONT'D)

PROGRAM ONE: FAX ANNOUNCEMENT TO TRAVEL AGENCIES

"FAXING" IS AN EFFICIENT WAY TO COMMUNICATE TO TRAVEL AGENTS, AIRLINES AND TOUR OPERATORS OFTEN "FAX" PROMOTIONAL FARES AND URGENT ANNOUNCEMENTS BECAUSE OF THE GREAT IMPACT AND TIMELINESS OF THIS VEHICLE.

MCCANN WOULD SEND A FAX TO THE GEOGRAPHIC CORE OR TOTAL UNIVERSE OF 30,000+ TRAVEL AGENCIES. THE FIRST FAX WOULD ANNOUNCE THE NEW SERVICE BETWEEN NEWARK AND BUDAPEST; THE SECOND FAX (PHASE II), WOULD COMMUNICATE A SPECIAL HUNGARY/MALÉV PROMOTION.

A "LETTERHEAD WOULD BE CREATED" WITH FULL COPY, INCLUDING ALL THE NECESSARY "SELLING" DETAILS TRAVEL AGENTS NEED.

COST: \$14,000 FOR BOTH PHASES. APPROXIMATELY \$.35 PER FAX.

TIMING: 1ST FAX: APRIL 15TH: ANNOUNCE MALÉV MAY 29TH SERVICE.

2ND FAX: AUGUST 15TH: PROMOTE "HUNGARIA ...EUROPE'S
HIDDEN TREASURE", INCLUDING A PROMOTIONAL FARE
OR INCENTIVE.

PROGRAM TWO: TRAVEL AGENT MAILING

IT IS RECOMMENDED THAT MALÉV ALONG WITH THE HUNGARIAN BOARD OF TOURISM CONDUCT A TRAVEL AGENT MAILING TO:

- 1) EDUCATE - DISTRIBUTE COLLATERAL MATERIALS ON HUNGARY AND MALÉV HUNGARIAN AIRLINES.
- 2) IDENTIFY - GATHER INFORMATION ON KEY TRAVEL AGENTS FOR FUTURE TARGETED PROMOTIONS AND SALES FOLLOW-UP (MALÉV CAN THEN CREATE ITS OWN PROPRIETY DATABASE).
- 3) TRACK - MONITOR SALES OF THESE TRAVEL AGENTS

WE WILL PRODUCE A PACKAGE THAT PROVIDES UP TO DATE, INDUSTRY SPECIFIC INFORMATION ON MALÉV AND HUNGARY, AS WELL AS PROVIDE AN INCENTIVE (GIFT) FOR AGENTS TO RESPOND TO A QUESTIONNAIRE. BOOKING INCENTIVES COULD ALSO BE INCLUDED. INCENTIVES MIGHT BE:

- 1) PREMIUM RELATING TO HUNGARY.
- 2) CHANCE TO WIN HUNGARIAN SPA OR OTHER VACATION OPTIONS.
- 3) STRAIGHT CASH AS SWEEPSTAKES PRIZE AND AS "BOOKING" INCENTIVE.

PROGRAM TWO: TRAVEL AGENT MAILING (CONT'D)

TIMING - THE TRAVEL AGENT MAILING WILL DROP IN EARLY SEPTEMBER, 1993, AS AWARENESS LEVELS SHOULD BE HIGH AS A RESULT OF THE MEDIA/PR ACTIVITIES.

COSTS - A MAILING TO 5,000 KEY TRAVEL AGENCIES WILL COST APPROXIMATELY \$60,000. THIS INCLUDES CREATIVE DEVELOPMENT, PRODUCTION, MAILING, FULFILLMENT OF INCENTIVES AND TRACKING TRAVEL AGENT ACTIVITIES.

NEXT STEPS - DEVELOP PROMOTIONAL CONCEPTS AND THE "WORKING" DETAILS FOR THIS PROGRAM.

PROGRAM THREE: TRAVEL AGENT FAM TRIPS

IT IS ESSENTIAL THAT MALÉV AND THE HUNGARIAN BOARD OF TOURISM BEGIN PLANNING FAMILIARIZATION TRIPS FOR TRAVEL AGENTS WITH BUSINESS AND LEISURE TRAVEL SALES POTENTIAL FOR MALÉV AND HUNGARY. THERE SHOULD ALSO BE FAM TRIPS FOR INCENTIVE AND MEETING/CONVENTION PLANNERS.

TIMING:

TRIPS SHOULD BE ARRANGED DURING OFF PEAK PERIODS, HOWEVER THE AGENTS SHOULD EXPERIENCE HUNGARY DURING ATTRACTIVE MONTHS:

POSSIBLE MONTHS: JUNE, OCT, NOV, DEC.

COSTS:

TBD, (NOT PART OF THE ADVERTISING BUDGET).

NEXT STEPS:

ASSIGN MALÉV PERSONNEL TO DEVELOP AND MANAGE.

PROGRAM FOUR: ASTA CONVENTION

ALTHOUGH NOT PART OF THE ADVERTISING BUDGET, THERE IS A GREAT OPPORTUNITY FOR MALEV AS WELL AS THE HUNGARIAN TOURIST BOARD TO ESTABLISH A PRESENCE AMONG THE TRAVEL AGENCY COMMUNITY DURING THE ASTA CONVENTION IN SEPTEMBER, 1993.

MCCANN COULD OVERSEE ACTIVITIES AS FOLLOWS:

- CREATION OF AN EXCITING DISPLAY UNIT (PORTABLE) THAT COMMUNICATES THE HIGHLIGHTS OF HUNGARY, ALONG WITH MALEV'S SERVICE, AND WHY HUNGARY APPEALS TO THE BUSINESS TRAVELER, CONVENTION ATTENDEE AND THE LEISURE TRAVELER.
- PROVIDE ATTENDEES WITH AN INCENTIVE TO VISIT THE BOOTH.
- CONDUCT A MAILING PRIOR TO THE CONVENTION TO "REMIND" ATTENDEES TO STOP BY THE BOOTH FOR THEIR "HIDDEN TREASURE".

PROGRAM FOUR: ASTA CONVENTION (CONT'D)

TIMING : ASTA CONVENTION WILL BE HELD SEPTEMBER 19-24TH.

COST : ASTA BOOTH SPACE COSTS \$1,600 FOR A 10' X 10' AREA PLUS REGISTRATION/HOTEL FEE OF \$400-\$650 PER PERSON (DEPENDING UPON ACCOMMODATIONS).

DISPLAY UNITS, INCLUDING HAND OUT MATERIALS COST \$10,000-\$15,000. THE PREMIUM COST WOULD VARY, DEPENDING ON SELECTION.

NEXT STEPS:

DEVELOP TRADE BOOTH CONCEPT/DESIGN AND SUPPORT MATERIALS RESERVE SPACE AT ASTA CONVENTION. INCORPORATE ASTA CONVENTION DAILY (ADVERTISING) INTO MEDIA PLAN.

XIII. TACTICAL PROGRAMS - ETHNIC MARKET

- PROGRAM ONE: ASSOCIATION MAILING

IT IS RECOMMENDED THAT NEWSWORTHY INFORMATION BE INCLUDED IN THE HUNGARIAN - AMERICAN ASSOCIATION NEWSLETTERS.

THERE ARE APPROXIMATELY 300 ASSOCIATIONS THAT HUNGARIAN - AMERICANS BELONG TO HERE IN THE U.S. SINCE THIS GROUP HAS THE GREATEST AFFINITY TO MALEV, IT IS IMPORTANT TO COMMUNICATE TO THEM IN THIS PERSONAL MANNER.

THE MAILING LIST OF THESE ASSOCIATIONS WILL NEED TO BE CREATED ALONG WITH BRIEF COMMUNICATIONS SENT ON A REGULAR BASIS.

INITIALLY, THE PRESS RELEASES COULD BE SENT ENSURE CONSISTENCY OF ALL COMMUNICATIONS.

TIMING : LIST DEVELOPMENT IN APRIL. MAILING TO ASSOCIATIONS LATE APRIL/EARLY MAY.

COST : TBD

NEXT STEP: DEVELOP ASSOCIATION MAILING LIST.

XIII.

TACTICAL PROGRAMS: CORPORATE TRAVEL PROGRAMS

PROGRAM ONE: CORPORATE TRAVEL MAILING

MALEV HUNGARIAN AIRLINES HAS NOT YET DEVELOPED SPECIAL PROGRAMS/NEGOTIATED RATES WITH COMPANIES DOING BUSINESS IN HUNGARY. THERE IS AN OPPORTUNITY FOR MALEV TO BEGIN CAPTURING A SHARE OF THE BUSINESS TRAVEL MARKET BY ESTABLISHING RELATIONSHIPS WITH COMPANIES DIRECTLY.

IN LIEU OF A SALESFORCE, THIS PROGRAM CAN BE MANAGED THROUGH THE MAIL DURING THE INITIAL PHASES. LONG TERM, MALEV CAN CONTRACT/ARRANGE FOR OUTSIDE SUPPORT OR DEVELOP A SALESFORCE TO BEGIN ESTABLISHING RELATIONSHIPS WITH THESE COMPANIES.

- CONDUCT A MAILING TO COMPANY TRAVEL DEPARTMENT MANAGERS OF COMPANIES (7,000-8,000) THAT HAVE EMPLOYEES THAT TRAVEL TO HUNGARY. A MAILING LIST WILL BE DEVELOPED BASED ON U.S./HUNGARY SOURCES.
- ESTABLISH SPECIAL RATES OR INCENTIVES SUCH AS FREE TICKETS OR REBATES BASED ON "PERFORMANCE" LEVELS SET.
- CONDUCT A MAILING TO THESE COMPANIES TO SIGN UP FOR THE INCENTIVE PROGRAM, AND FOR MALEV TO ASSESS THEIR TRAVEL NEEDS.

XIII. CORPORATE TRAVEL PROGRAMS (CONT'D)

TIMING: THE FIRST MAILING WOULD COMMENCE IN JUNE, 1993 ONCE THE LIST OF COMPANY TRAVEL DEPARTMENT MANAGERS ARE IDENTIFIED.

COST: ASSUMING 1,000 COMPANIES ARE IDENTIFIED AS HAVING FREQUENT TRAVELERS TO HUNGARY, ALONG WITH THE KEY CONTACT NAMES AND ADDRESSES, A BALLPARK COST WOULD BE \$5,000-\$8,000.

TRACKING OF SALES AND THE AWARDING OF TICKETS/REBATES ON A QUARTERLY BASIS WOULD BE HANDLED BY MALÉV.

NEXT STEPS: IDENTIFY THE KEY CONTACTS AT COMPANIES WITH EMPLOYEES WHO TRAVEL TO HUNGARY.

IX. HUNGARIAN BOARD OF TOURISM CONSIDERATIONS

THERE IS A GREAT OPPORTUNITY FOR HUNGARY TO BECOME A LEADING DESTINATION FOR TRAVEL AND TOURISM FROM THE U.S. MARKET.

THE ACTIVITIES PLANNED IN 1993 TO LAUNCH MALEV HUNGARIAN AIRLINES AND INTEGRATE HUNGARY AS A DESTINATION WILL ONLY "SCRATCH THE SURFACE".

IT IS ESSENTIAL THAT HUNGARY BEGIN TO ESTABLISH A STRONG PRESENCE IN THE U.S. ACROSS THE MAJOR TARGET SEGMENTS AS WELL AS THE "NICHE" GROUPS WHENEVER POSSIBLE.

THERE ARE A NUMBER OF PROGRAMS HUNGARY CAN IMPLEMENT OR PARTICIPATE IN TO PROMOTE TOURISM. HOWEVER, AN INITIAL FULFILLMENT CENTER WOULD BE THE FIRST MAJOR STEP.

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IX. HUNGARIAN BOARD OF TOURISM (CONT'D)

IF THE HUNGARIAN BOARD OF TOURISM IS INTERESTED IN DEVELOPING A FULFILLMENT SERVICE TO DISTRIBUTE COLLATERAL MATERIALS, THIS CAN BE LEVERAGED IN THE ADVERTISING.

McCANN WOULD LIKE TO PRESENT A RECOMMENDATION FOR DEVELOPING A HUNGARIAN FULFILLMENT CENTER WHICH CAN BE UP AND RUNNING AS SOON AS THE COLLATERAL MATERIALS ARE AVAILABLE. THE PLAN WOULD INCLUDE ALL THE PROCEDURES AND COSTS, INCLUDING:

- 800# SERVICE REQUIREMENTS/CAPABILITIES
- FULFILLMENT OF BROCHURES AND INFORMATION (COLLATING, INSERTING, SEALING AND MAILING INFORMATION KITS)
- DATABASE DEVELOPMENT AND MAINTENANCE
- PRODUCING LABELS

THIS SERVICE WOULD PROVIDE CONSUMERS WITH THE NECESSARY INFORMATION THEY NEED AND HELP MOVE THEM CLOSER TO PURCHASE.

NEXT STEPS: DEVELOP A COMPLETE PLAN FOR THE 800# FULFILLMENT SERVICE INCLUDING TIMING, COSTS AND PROCEDURES.

XII.

IMMEDIATE NEXT STEPS/OUTSTANDING ISSUES

RESPONSIBILITIES

- | | |
|---|---------------|
| ● ESTABLISH APPROVAL PROCEDURES AND DESIGNATE CONTACTS AS SOON AS POSSIBLE | CLIENT/AGENCY |
| ● APPROVE CAMPAIGN PLAN, INCLUDING MEDIA PLAN, CREATIVE CONCEPTS AND PR BY 4/12 | CLIENT |
| ● PROVIDE GRAPHIC STANDARDS/REGULATIONS FOR ADVERTISING AS SOON AS POSSIBLE (MALÉV AND HUNGARIAN) | CLIENT |
| ● PRESENT TACTICAL PROGRAM PLANS FOR TRAVEL AGENCY MAILING, FAXING, CORPORATE MAILING AND ASSOCIATION MAILING 4/20-5/15 | AGENCY |
| ● REVIEW NEXT STEPS FOR TOURIST BOARD FULFILLMENT CENTER AS SOON AS POSSIBLE | CLIENT/AGENCY |
| ● CONFIRM "OFFERS" AND PRICING FOR DEVELOPING ADVERTISING BY 4/12 | CLIENT |